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THE SOCIAL SITUATION IN THE COMMUNITY IN 1972

Summary of the social report \*

Introduction

The declaration by the Heads of State or Government at the Paris Summit meeting in October 1972 that they "attached as much importance to vigorous action in the social field as to the achievement of economic and monetary union" and their mandate to the Commission to draw up a programme of social action by the end of 1973 gave a new and significant impetus to the development of social policy in the Community.

Employment

Total unemployment in the Community has tended to rise according to Commission estimates from 1.4 million in 1971 to 1.6 million in 1972. It is also estimated that total employment declined slightly last year but the number of persons in paid employment increased a little particularly in the services sector.

School-leavers' unemployment increased in most of the member countries but for varying reasons. The overall outlook for 1973 suggests that economic activity will expand at a faster rate and that overall employment could well increase again in most member states and the average rate is expected to be 0.5 per cent.

The main problem in the labour field remains that of structural disequilibrium with unemployment and a labour shortage existing at the same time without it being possible to offset one against the other to any great extent. The total value of unfilled vacancies remains large despite a falling trend and was estimated at 750,000 jobs in 1972.

One of the ways to deal more effectively with this problem in 1973 is to extend the European System of Distribution of Vacancies and Job Applications (SEDOC) to cover the enlarged Community. Under a draft regulation now before the Council, information on foreign labour available will be more effective because of the establishment of comparable statistics.

Social Fund

The reformed Social Fund can now give a more rapid and practical response to urgent employment problems. The money appropriated for 1973 will enable the Fund to assist about 70,000 workers. The Council has also decided, on a proposal of the Commission, to allow the Fund to intervene in two new fields: farm workers wishing to leave the land and workers in the textile industry. Proposals for the intervention of the Fund in the garment industry and for two supplementary forms of aid - maintenance of income for six months after re-training for farm workers and the improvement of information on employment for textile workers in semi-rural areas - have been held over for further documentation.

\* Report on the evolution of the social situation in the Community in 1972 (joined to the 6th Annual Report).

### Free Movement of Workers

Foreign labour needs in Community countries in 1972 were estimated at 450,000 which was a sharp drop from the number of such hirings in 1971 which was over 750,000. But data is not yet sufficient to assess how far the foreign labour needs in 1972 were met from the Community manpower available.

To ensure that the workers concerned draw the fullest benefit from their move it should be preceded by linguistic and pre-occupational training in the workers' home area. The actual stay in the host country must as far as possible be used to achieve the social improvement of these workers through further training. Since these considerations are also valid for migrations from outside the Community the Commission believes that the member states' migration policies should be coordinated at Community level.

### Vocational Training

Important steps were taken in 1972 towards the gradual implementation of a common policy for vocational training. The General Guidelines for a new joint work programme were adopted by the Council in July 1971. The Commission has recently laid before the Council a work plan of "First measures" for implementing a common vocational training policy.

These "first measures" will concentrate on practical activities such as exchanges of information by the member states on training policies, reforms, financing and costs. There will also be cooperation in training methods and research, proposals for harmonising levels of training and mutual recognition of certificates.

### Industrial Relations

In November 1972, the Commission held discussions with the representatives of employers' and workers' on the results of the Paris Summit for Community social policy. The aim of the discussion was to see how labour and management could be associated more closely with the social and economic policy decisions taken by the Community, especially in the context of economic and monetary union.

The growing number of multi-national companies and of international combinations and mergers and the risks which they can entail for wage-earners remains a subject of great concern for the workers' organisations. A conference organised in October 1972 by the ECFTU representing 13 countries took the view that an important role should be assigned to the EEC in assuring workers a legal right to information, consultation and participation whenever the multi-national corporation concerned has its headquarters in an EEC member state.

In its proposals for a statute for a European joint stock company and its proposals for the harmonization of company law under Article 54 of the EEC Treaty, which provides for worker participation in supervisory boards, the Commission believes that it has created the legal framework which meets to a great extent trade union demands for fuller information, consultation and participation in the supervision of company management. The Commission's directive relating to the harmonisation of rules on collective dismissals and its work on the social consequences of mergers should also be mentioned.

### Wages and Asset-Ownership

The strengthening of inflationary trends in 1972 dominated wage policy problems. It is of interest to note that governments in the member states when seeking to curb inflation avoided the traditional methods of direct controls or actual wage and price freezes. It became clear that the best method, as had been recommended by the Commission in various reports, was concertation between

authorities

Netherlands' experience seemed the most significant in this field.

With regard to policy on asset-ownership, some progress has been made in the three countries, Germany, France and the Netherlands, which are already the most advanced in this field, and some plans have been worked out which are in line with the general guidelines which the Commission is preparing to lay before the Council on promoting asset ownership for workers. On the other hand, there is no evidence that in the other three countries any special attention was being given to these problems in 1972, whether by the authorities or by either side of industry.

### Housing

There were no spectacular changes in 1972 in housing policy in the member states where the main activity was the continued implementation of programmes covering several years.

At the same time 1971 and 1972 saw a remarkable increase in Germany, France and the Netherlands in the number of completions. In the Community of Six the figure for 1971 was 1,573,300 or 97,800 more than in 1970. The last years in which more than 1.5 million new dwellings were completed were 1964 and 1965.

A disturbing development, however, is that in several cases both building land and building itself are costing more. To cope with this increase in building costs, governments have acted to encourage the rationalisation of construction methods but so far without sufficient effect.

### Family Matters

In all the member states, family living standards suffered from rising prices in 1972, especially in the countries in which family allowances are not geared to living cost trends. Policy for offsetting the cost of family responsibilities has been reappraised in France and is being completely recast in Germany, but has remained unchanged in the other Community countries.

In the field of family law, several tendencies are discernible in the member states. France is radically changing family relationship rules by permitting the legitimisation of adulterine children. Italy is completing a major reform of family law along the same lines, and Germany is preparing new measures. In four of the countries, abortion legislation is being reviewed.

### Social Services

The problems raised in the various countries by the presence of several millions of foreign workers has remained a source of concern. The tendency for these workers to stay longer abroad and to bring their families to join them has created new needs in housing, social facilities etc.

Some encouraging developments can be noted in the efforts to cope with this wide range of tasks such as a general increase in funds and the favourable influence on public opinion of initiatives such as the "Immigrants' Week" in Belgium and "Foreign Workers' Days" in Germany.

However, a large number of migrant workers are still living in very bad conditions, aggravated, as has happened in the Netherlands, by the development of social strain because of increased opposition from the native population. It is in the Netherlands, incidentally, that action groups have been formed spontaneously for the defence of foreign workers' interests.

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## Social Security

Although the scope of social security which originally only covered persons in paid employment has been gradually extended to other social classes, protection is still not complete. The Commission therefore submitted to the Council during 1972 a document listing the categories of persons protected against the various contingencies in each member state. During the year Germany introduced sickness insurance for farmers and Italy extended social security to domestic servants.

The increasing finance needed for extending the scope and improving the benefits of the various social security schemes has resulted in a tendency to have increasing resort to means tests and this is changing the whole approach to social security.

The most appropriate framework within which to carry out a comparative examination of social security problems could be provided by the European Social Budget and the Commission hopes its proposals for the drafting of this budget which have been laid before the Council will enable the project to be accepted with minimum delay.

## Industrial Safety, Medicine and Hygiene

The measures taken in this field by the member states in 1972 were impressive by both their number and diversity. But although Community and national measures are necessary, the most effective action to increase safety is that taken at the level of the place of work and in this sense, the downward shift in responsibility for preventive measures - which has been noted recently in Italy - is to be welcomed. The important role of employers' and workers' organisations in encouraging workers not to see safety regulations as just a burden imposed by the State, should be stressed.

## Protection of Health and Environment

A second report on Community environmental policy has been submitted to the Council. It includes a programme for the reduction of pollution, harm and nuisance and the conservation of the natural environment. The Commission's proposal of a methodological approach to public health and environmental hygiene is a starting point for laying down common health standards and defining aims regarding the quality of the environment.

The study of the Commission's report will be continued in 1973.

## New members

The report also includes a 44-page summary of social trends in the United Kingdom, Ireland and Denmark during 1972 under the same headings as for the six older members.

There is also a 24-page annexe of Social Indicators giving an overall view of the social trends in the enlarged Community and permitting general comparisons to be made between the member countries in statistics for population, employment, education, industrial relations, working conditions, wages, consumption, housing, social security and social expenditure from 1958 to date.

The introduction of these statistics into the report was an important innovation, the Vice-President of the Commission, Dr. Hillery, told the European Parliament when introducing the report, and he hoped that as the system was developed it would satisfy the need for reliable and relevant statistical information in the social sector.

Statistical Annexe

Reformed Social Fund: Applications made under Article 5

	Number of applications	Number of recipients (1)	Total cost (in u.a.)(2)	(1972) Assistance requested from Fund (in u.a.)
Germany (F.R.)	12	-	182,775,454	89,885,328
Belgium	2	-	13,765,198	6,882,599
France	4	19,700	42,988,958	21,494,479
Italy	22	51,030	84,760,160	38,307,030
Netherlands	3	3,000	3,987,071	1,921,933
Luxembourg	2	650	46,000	23,000

(1) Estimates

(2) Unit of Account equal to pre-1971 U.S. dollar

The Commission after consulting the Social Fund Committee has accepted 15 applications and granted credits amounting to 50,062,289 u.a. including 37 million u.a. for under-developed regions or those with declining industries, 6.5 million u.a. for providing new technical skills and 6.5 million u.a. for helping handicapped workers. The other applications are still being processed.

Old Social Fund: Aid granted in 1972

	Re-education	Re-installation	(in units of account) Total
Germany (F.R.)	21,312,512	634,681	21,947,193
Belgium	1,478,606	106	1,478,712
France	6,368,633	243,239	6,611,872
Italy	23,238,541	-	23,238,541
Netherlands	1,520,999	5,599	1,526,598
Luxembourg	2,741	-	2,741
EEC	53,922,032	883,625	54,805,657

For 1973 the Social Fund has a budget of 240 million u.a. including 60 million u.a. for operations under the old Fund. Under Article 4, aid granted will amount to 70 million u.a. and under Article 5, 110 million u.a. For research and experimental projects 750,000 u.a. has been set aside.

Under Article 4 the Social Fund may intervene when decisions taken by the EEC Council on Community policies affect or threaten to affect employment. Under Article 5 the Fund can intervene if requested to correct unsatisfactory employment situations in backward or declining regions and in industries particularly concerned with technical progress.

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Progress report on the seven normal housing programmes and three experimental programmes for Coal and Steel Community workers

(In December 1972)

	Number of dwellings financed	Including		
		To be built	Being built	Completed
Germany (F.R.)	81,595	2,877	2,642	76,076
Belgium	7,029	-	326	6,703
France	22,855	896	1,798	20,161
Italy	6,164	344	754	5,066
Netherlands	4,105	369	107	3,629
Luxembourg	836	8	8	820
EEC	122,584	4,494	5,635	112,455

Selected Statistics (1971)

Country	Population (million)	Active population as % of total	Unemployment as % of active pop.	Female employment as % (1970)*	Foreign workers (1000)	Work days lost per 1000 workers	Dwellings completed per 1000 people
Belgium	9.7	41.2	2.0	29.1	209	406	4.4
Germany	61.3	43.2	0.7	34.0	2,128	203	9.1
France	51.3	41.1	2.2	37.0	1,161	280	9.3
Italy	53.9	36.4	3.2	26.3	40	998	6.7
Luxembourg	0.34	41.7	0.0	26.6	38	-	4.0
Netherlands	13.2	35.2	1.5	-	116	25	10.4
Total 6	189.6	39.9	1.8	31.9	3,690	400	8.3
United Kingdom	55.7	45.1	2.9	36.9	-	595	6.5
Ireland	3.0	38.0	6.0	-	-	369	5.2
Denmark	4.9	47.7	1.2	39.4	-	11	10.0
Total 6 + 3	253.2	41.2	2.1	-	-	434	8.2

Figures for old and new members not comparable